GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2718
ANSWERED ON:02.08.2016
NBS Policy
Yadav Shri Hukmdev Narayan

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government has notified the criteria for defining reasonable prices by the fertilizer companies under the Nutrient Based Subsidy (NBS) policy and if so, the details thereof;

(b) whether the Government has received representations for fixing the criteria of reasonable prices since 2012 and if so, the details thereof and the action taken by the Government on these representations;

(c) whether the payments to the Fertilizer companies are made for P&K fertilizers based upon some criteria; and

(d) the details of the criteria which determines the reasonable prices and the date on which the criteria has been notified to the Fertilizer companies?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS, SHIPPING, ROAD TRANSPORT & HIGHWAYS

(SHRI MANSUKH L. MANDAVIYA)
(a): Yes, Madam. In order to find out reasonableness of Maximum Retail Price (MRP) fixed by P&K fertilizer companies under NBS Scheme, it has been made mandatory for all the P&K fertilizer companies to submit certified cost data along with their subsidy claims on six-monthly basis for each fertilizer grade. The cost data is scrutinized by duly appointed Cost Accountants and further analysed by the Cost Accounting division of the Department to see that the MRPs are reasonable.

(b): No, Madam. However, since under NBS policy, the P&K fertilizer companies have been allowed to fix MRP at reasonable level as per market dynamics, the Department in order to ensure reasonableness of prices has put the above procedure in place.

(c): Yes, Madam.

(d): The detailed criteria and procedure for ensuring reasonableness of MRPs of P&K fertilizers is as under:

(i) The P&K fertilizer companies will submit cost data duly certified by their statutory Auditors/Cost Accountants, six monthly basis in the format developed by Fertilizers Industry Coordination Committee (FICC) in consultation with the Institute of Cost Accountants of India to Director (Cost Estimates), FICC.

(ii) The cost data shall be provided to Cost Accountants appointed for this purpose for scrutiny and submission of report on the reasonableness of MRP.

(iii) The reports received from the Cost Accountants are then evaluated by Director (CE), FICC.

(iv) Based on the recommendations of the Director (CE), FICC the report is examined and

reasonableness/unreasonableness of the MRP is notified.

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